



## Negotiating Real Estate Leases

If you are helping to negotiate a real-estate lease, take the time to understand this important transaction. Above all, if the transaction calls for taking over the seller's lease, review it personally with the parties' attorneys early in the negotiations.

There are several reasons for reviewing the lease in detail as soon as possible:

- Sellers don't always remember the terms and conditions or the revisions to them.
- The Seller may have changed the use of the premises or the hours of operation to something not allowed. The landlord may not be aware of it.
- The lease, its assignability, or its renewability, may be legally flawed.
- While the lease may appear assignable, it is still usually subject to the landlord's approval. While the lease may say that the landlord may "not unreasonably withhold approval," landlords sometimes try to extract higher rent by threatening to withhold or delay approval.
- The terms of responsibility for taxes, maintenance, and insurance need to be understood. The difference between a rate quoted "gross" (the three items are included) or quoted "triple net" (the three items are paid additionally by the tenant) can be significant.
- Whether you are negotiating a new lease or assuming an existing one, do not be intimidated by the rigid boilerplate language in a standardized lease form. You should negotiate for the best terms and conditions you can obtain.
- Lease negotiations involve attorneys and take time to complete.

The lease that you help negotiate may make the difference between a viable business transaction and one that cannot be completed.

**Tip of the Week Compliments of C. D. Peterson author of:**

**[An Introduction to Business Brokerage - Valuing - Listing and Selling Businesses](#)**